



To promote the economic, social and environmental viability of Northern California by enhancing and preserving the water rights, supplies and water quality of our members.

Testimony Before the Little Hoover Commission Regarding the CALFED Bay-Delta Program

September 22, 2005

Dear Chairman and members of the Commission, my name is David Guy. I am the Executive Director of the Northern California Water Association (NCWA). We appreciate the Commission undertaking this comprehensive review of the CALFED program and we are optimistic that the Commission's recommendations later this year will lead to a successful program to reduce conflicts in the Bay-Delta.

NCWA is a geographically diverse organization, extending from California's Coast Range to the Sierra Nevada foothills, and nearly 180 miles from Redding to Sacramento. Our members rely on the waters of the Sacramento, Feather, Yuba and American Rivers, smaller tributaries and groundwater to irrigate more than 900,000 acres that produce every type of food and fiber grown in the region. We also provide water to state and federal wildlife refuges, and much of this land serves as important seasonal wetlands for migrating waterfowl, shorebirds and other wildlife. NCWA also represents the counties and various local governments in the region.

NCWA has been involved in CALFED and related processes for the past 13 years. Our leadership has served on all the various advisory councils to the CALFED program and we have actively participated in various CALFED elements.

We welcome the opportunity to provide the Northern California perspective on CALFED and to present both the opportunities and challenges we now face. The Commission's interest in CALFED is appropriate and very timely given the state of the CALFED program and the importance of a successful resolution to the environmental and water supply problems in the Sacramento-San Joaquin River Delta and San Francisco Bay (Bay-Delta). The Bay-Delta is a tremendous economic and environmental resource to California and the nation, and there is much at stake in how we implement the numerous ecosystem restoration and water management actions.

Rather than focus on the various problems with the CALFED program, our comments will instead focus on a framework for the State of California--in partnership with the federal agencies--to develop solutions for the Bay-Delta that will protect water rights, improve water supplies in the Bay-Delta and enhance the ecosystem. Within these comments, we will provide specific recommendations for improving governance.

- 1) **Re-focus on the Delta.** The testimony by Governor Wilson and Secretary Babbitt (and the other architects of the CALFED program) in your earlier hearing revealed how CALFED has lost its way. It is important to remember that CALFED was established as a federal-state partnership to resolve conflicts in the Bay-Delta. It was not intended nor designed to address every water problem throughout the state. To help prioritize efforts in the Bay-Delta, CALFED, from the outset, defined the “geographic scope for the problems [is] the legally defined Delta, Suisun Bay and Suisun Marsh.” On the other hand, “the geographic scope for developing possible solutions includes a much broader area that extends both upstream and downstream of the Bay-Delta.” (CALFED Revised Phase II Report, June 1999.) Unfortunately, this important distinction was ignored several years ago as the CALFED program lost its focus. We urge the Governor and the CALFED agencies to refocus the program on the problem area. This is critical to regain confidence in the program and to focus energies on the efforts necessary in the Bay-Delta.

To help re-focus these efforts, we believe the draft California Water Plan (Plan, Bulletin 160-05) describes a sound approach to California water policy. The Plan has two broad initiatives: 1) integrated regional water management planning, which is actively underway within the CALFED solution areas; and 2) improving statewide water management systems. Recognizing the unique issues associated with the Delta, the Plan recognizes that “California depends on vast statewide water management systems [such as CALFED and the Delta] to provide clean and reliable water supplies, protect lives and property from flood, withstand drought and sustain environmental values.” Under the approach in the Plan, most of the water management and ecosystem efforts will be part of the integrated regional programs that will be supported by the State.

This leaves CALFED as a more limited, narrowly-defined program that focuses on the Bay-Delta and helps coordinate the respective regions when necessary and addresses the fundamental conflicts between the ecosystem and Delta water supply. This is consistent with the Governor’s directive to re-focus the CALFED efforts “on solving conflicts associated with Delta water supply, water quality, levee stability, and the environment.” (May Revision 2005-06.) It is also true to the original CALFED charter to focus on the Delta and its water operations. (Bay-Delta Accord, Exhibit C.)

- 2) **Embolden the Governor’s Water Policy Council.** Previous Governor’s have effectively used a water policy council to advance their water programs in California. The discussion today focuses on the Bay-Delta Authority (BDA). As a practical matter, the various state and federal agencies cannot and will not cede any of their authority to the BDA, yet we need leadership from a broad array of agencies. We therefore recommend that the Governor establish a formal Water Policy Council (Council) with a clearly designated leader charged with developing and implementing solutions to the Bay-Delta. This Council can be formalized by Executive Order. Under the Council, the designated leader will assemble the various agency experts to provide their collective judgment on how to best proceed with respect to the Bay-Delta. The Council can also utilize various tools to assure public input, participation and transparency. Most importantly, the designated leader will make decisions for the Governor based on the collective advice and judgment of the Council and other advisors.

We believe a strong Council will accomplish the following to help reduce conflict in the Bay-Delta and to advance solutions.

- a. Focus and clearly articulate decision-making.
- b. Coordinate the various agency experts with policy experts in the Governor's office.
- c. Provide a high-level forum to engage with the federal partners in a more meaningful way.
- d. Recognize and strengthen the implementing agencies' authority and decision-making capability.
- e. Provide collective judgment of experts in the face of scientific uncertainty to identify the actions that will most likely affect the desired outcome.
- f. Assign responsibility commensurate with accountability.
- g. Assure the collective judgment on future investments for California.
- h. Provide leadership and centralized authority to more effectively work with Congress and the Legislature to gain their confidence in the program.
- i. Utilize the appropriate staff within the existing agencies to advance this program.

The Council involving the Bay-Delta would presumably include the Secretaries for Resources, Environmental Protection and Food and Agriculture, as well as the respective directors and chairs within the agencies. The Council can designate a science team to support the Council and its leadership.

- 3) **Develop a new investment strategy for the Delta.** For a Bay-Delta solution to move forward and its governance to be effective, the Delta water supply and ecosystem improvements must be advanced in an appropriate and practical economic context. The BDA Finance Plan last year set the CALFED program back in many ways. The Finance Plan conveyed a heavy-handed top down approach by the BDA that immediately drew the ire of water users and taxpayers throughout the state. It also significantly over-reached in its efforts to identify the beneficiaries for the program, which, in turn, drew widespread and strong opposition to the program that did not exist before its release.

Rather than proceed again in this manner, we believe the CALFED leadership should step back and help create a dynamic where entities that want the program to succeed will be able to make informed investment decisions. Rather than having taxes (cloaked as fees) thrust upon them from Sacramento, business decisions should be made in the respective Board rooms across the state based on negotiated approaches to fund actions that provide value. This approach leads to success because investments are directly linked to benefits received from the program.

Thank you for the opportunity to provide testimony to the Commission. If you have any questions, please call me at 916.442.8333.